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Research News for the U.S. Travel Industry

TRAVEL PRINTOUT

US Travel Data Center

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State Travel Office Budgets Rise 16 Percent in 1987-88

The US Travel Data Center today reported that state travel offices in 50 states plan to spend over $283 million for travel and tourism development in 1987-88.

The 1987-88 Survey of State Travel Offices reports the sum of 1987-88 tourism development budgets for the 50 states rose over 16 percent compared to the 1986-87 budget total of $244 million, which also represented a 16 percent increase over 1985-86 spending levels.

STATES HAVING LARGEST TRAVEL PROMOTION BUDGETS, 1987-88

Rank	State	Budget	% Change 1986-87
1.	New York	$21,543,300	1
2.	Illinois	$20,500,000	32
3.	Hawaii	$13,665,000	60
4.	Pennsylvania	$12,130,400	2
5.	Texas	$11,969,274	152
6.	Michigan	$10,889,400	-7
7.	Florida	$10,723,551	-1

Source: US Travel Data Center

New York has the largest budget, allocating $21,543,300 for travel development, followed by Illinois, with $20,500,000.

Twenty-nine states posted budget increases for the current year. The average state travel development budget is $5,675,325, 15 percent more than 1986-87's record $4,872,699.

Ten states plan to spend less than last year. Washington state posted the largest percentage cutback, decreasing spending by almost 33 percent.

Texas posted the largest gain, $7.2 million, anticipating additional revenue from a new room occupancy tax. The states with the next largest budget increases are Illinois and Hawaii, projecting growth of about $5 million each.

Montana had the largest percentage gain, 164 percent, increasing its budget from $1.5 million to $3.9 million.

The average state will devote 41 percent of its total travel budget, over $2.3 million, to advertising, a 7 percent increase over last year's average allocation.

The 1987-88 Survey of State Travel Offices is the fifteenth annual report on the budgets, advertising and programs of the state and U.S. territory tourism development agencies.

The 100-page report will be sent to all Data Center members and survey respondents. It is available to others for $65 (prepaid) from the US Travel Data Center, Two Lafayette Centre, 1133 21st Street NW, Washington, D.C. 20036.

The Data Center also offers quantity discounts. Contact Ida Simmons, manager of communications, (202) 293-1040. ##

1987 Travel Prices Outpace Consumer Prices

The overall cost of travel in the U.S. rose faster than consumer prices during 1987, according to the US Travel Data Center's manager of economic studies, Nancy Mina; however, revisions in the Travel Price Index (TPI) in 1987 prevent exact comparisons with price increases in earlier years.

"Although 1987 data is not strictly comparable to earlier years," Mina said, "our study of the cost of travel in recent years reveals trends--long-term

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(Travel Prices continued)

movement and relationships among various index components--that are noteworthy."

From 1983 to 1987, travel prices have outpaced consumer prices 3 out of 5 years (Fig. A). For the second time in 5 years, motor fuel prices have risen.

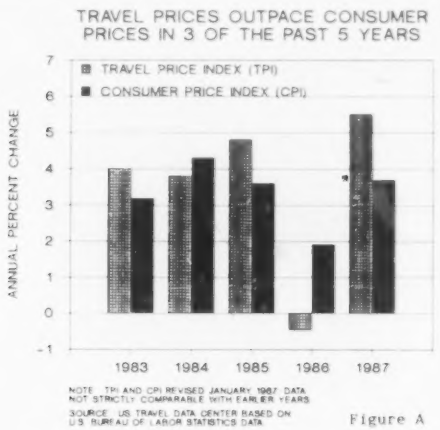
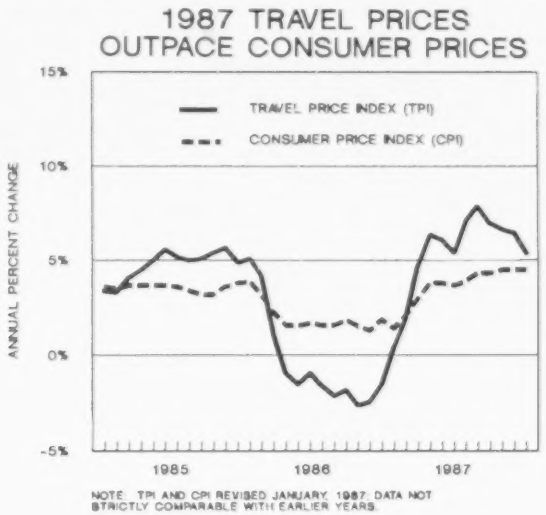


Figure A

The TPI, which measures changes in the seasonally unadjusted prices of lodging, food, transportation, and other goods and services purchased by Americans traveling away from home in the United States, stood at 399.7 (1967=100) in December 1987.

In December, the TPI fell 1.0 percent. This was the third monthly decline in the index in four months. For comparison, the CPI remained unchanged.



Airline fares were down 1.9 percent.

Travel prices during December were 5.4 percent higher than one year ago. ##

Monthly and Annual Rates of Change in the Travel Price Index and Components

December 1987

TPI Component	Monthly Percent Change November 1987 to December 1987	Annual Percent Change December 1986 to December 1987
Transportation	-1.6	10.6
Airline Fares	-1.9	-0.4
Other Intercity Trans.	0.4	2.0
Intracity Public Trans.	0.4	2.5
Motor Fuel	1.5	18.9
Lodging	-2.3	3.9
Food and Beverages Away From Home	0.2	3.7
Entertainment	-0.1	1.8
TRAVEL PRICE INDEX	-1.0	5.4
CONSUMER PRICE INDEX	0.0	4.5

Source: US Travel Data Center and U.S. Bureau of Labor Statistics

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TRAVEL PRINTOUT reports on Data Center Projects, national travel research conducted by other respected organizations, and trends in the U.S. travel industry. Subscriptions are $70 per year, U.S., Canada and Mexico; other foreign countries, $80. per year, payable in U.S. funds only.

How to Transform a Shopping Mall Into A Tourist Attraction

By Werner Escher

Werner Escher is the director of public affairs/community relations for South Coast Plaza, Costa Mesa, California. He also serves on the Orange County Olympic Committee, California State Tourism Board, and the California Travel Industry Association board of directors.

Since shopping has become a theatrical experience, it's not surprising to see buses, vans, motor coaches--even customized tours--daily disgorging their passengers on the doorstep of South Coast Plaza, an attraction in Costa Mesa, California, that now rivals Disneyland and Knott's Berry Farm.

Not only are the out-of-towners finding South Coast Plaza's one-of-a-kind stores fulfilling, but the yearly guest count of 18 million far exceeds Disneyland's annual visitor base. (A visitor is anyone who comes through the turnstiles.) Today, South Coast Plaza visitors from outside the local area account for over 15 percent of the total customer count, up from less than 4 percent three years ago.

At its annual conference, the Travel Industry Association of America honored South Coast Plaza as the first retail center ever accorded the status of "attraction." Both American Airlines and the Anaheim-based Walt Disney Travel Company have added South Coast Plaza to their tour package programs.

In 1985 South Coast Plaza produced the largest-volume sales, $450 million, of any regional center in California. For comparison, San Francisco's general store sales reached $570 million in the same year.

In 1986, South Coast Plaza generated sales tax revenues of $4.5 million for Costa Mesa, or about 15 percent of the city's total operating budget.

The plaza also creates employment for 3,000 people.

The vast array of stores may be the first reason visitors seek out South Coast Plaza. From its initial 70 shops 20 years ago, the retail center has grown to include such upscale shops as Rizzoli, Gucci, Louis Vuitton, Polo/Ralph Lauren, Cartier and Saint Laurent Rive Gauche among others.

The second reason for the center's popularity is its ambience. Los Angeles Times design and architectural critic, Sam Hall Kaplan notes that "Its 300 shops, 30 restaurants, interior design and landscaped elegance make it one of the most diverting retail centers in the world."

The plaza is focused on three courts, Carousel, Jewel, and the newest Crystal, which features tiering so that store fronts on each level are set farther and farther back as you go up.

A third factor making South Coast Plaza a visitor's mecca is the Town Center, a collection of high-rise office buildings, a 400 room hotel, a large corporate art collection, the South Coast Repertory Theatre and the Orange County Performing Arts Center. A visitor can turn a corner and find a Miro, Calder, Dubuffet or a Moore. The largest artwork is the 1.6 acre environmental garden, "California Scenerio," created by the Japanese-American sculptor Isamu Noguchi.

How did this transformation from shopping mall to tourist attraction happen? The mall expanded slowly in several phases. It was owner/developer C.J. Segerstrom & Sons' recognition of the part retail would play in a developing Orange County that led to the phased introduction of fashion-forward, high-quality stores. Once these stores were established and the number of fine restaurants grew, it was a matter of developing travel writer and media interest in South Coast Plaza's eclecticism.

The metamorphosis of the plaza from traditional shopping mall to urban center, with the highest concentration of upscale haute couture retail outlets

(Continued on page 4)

(Tourist Attraction continued)

in the state, sufficiently stirred press and tourist interest.

Also, because tourists are showing increased interest in gift-shopping, Walt Disney Travel Co. Inc. is publicizing the plaza through brochures it sends to 23,000 travel agencies nationwide, as well as to a large number of overseas agents.

Aware that the Orange County visitor market in 1986 grew to almost 35 million, and that visitors spent a record $4.9 billion, South Coast Plaza developed an advertising program to reach its potential "guests" and to create visitor awareness through area visitor and convention bureaus and hotel/motel magazines.

During the Christmas season, for example, South Coast Plaza businesses and entertainment centers passed out mall address books at the information counters of 38 area hotels and motels.

Transportation by bus and taxi to South Coast Plaza from area hotels was so sporadic that South Coast Plaza created its own conveyance system. In mid-1985, South Coast Plaza placed an order for three custom coaches and by July of that year began serving 40 hotels and motels within a radius of 30 miles.

This year South Coast Plaza motor coaches will convey nearly 50,000 additional "guests" beyond the daily visitors arriving by hotel van, shuttle and bus and group tours.

Segerstrom's growing retail presence in southern California, the destination of so many visitors, has validated shopping's universal appeal to travelers.

As the dollar continues to decline, retail centers will entice even more foreign visitors seeking bargains.

Other influences on shopping's increasing popularity such as additional personal time, a shorter work week, a patron profile shifting from 70 percent women to 50 percent women, all support the premise that shopping has become one of the travel industry's strongest components.

There was a time when blue surf and golden sunsets may have photographed better than malls and display windows; but South Coast Plaza has demonstrated that shopping exerts a powerful economic impact that increasingly demands attention. ##

Study on Buying Decisions Includes Travel Products

Who influences the decision to purchase airlines tickets, traveler's cheques and car rentals? Purchase Influence 1985, a major study of buying influences within the contemporary American household, sheds some light on this frequently asked question.

The study examines 1) the incidence of purchase for each of 106 packaged products and 35 durable goods and services, 2) the male or female share of influence on the purchase of a product and 3) general demographics (age, income, education, marital status and number of children in the household).

Purchase influence was measured on packaged products like food and cigarettes and on durable goods and services such as televisions, appliances, and homeowner's insurance.

According to the study's findings, 12.5 percent of male U.S. adult household heads, in a 12-month period purchased travelers cheques for vacation, while 11.1 percent of female household heads purchased them.

Purchase Influence, co-sponsored by Better Homes and Gardens, Family Circle, Life, National Geographic, Newsweek, Parade, People Weekly, Reader's Digest, Sports Illustrated, Sunday Magazine Network, Time, TV Guide, and USA Week-end, and conducted by Chilton Research Services, is the second such investigation in a decade. The data were collected to provide the magazines' advertisers

(continued on page 5)

October Travel Posts 6 Percent Gain

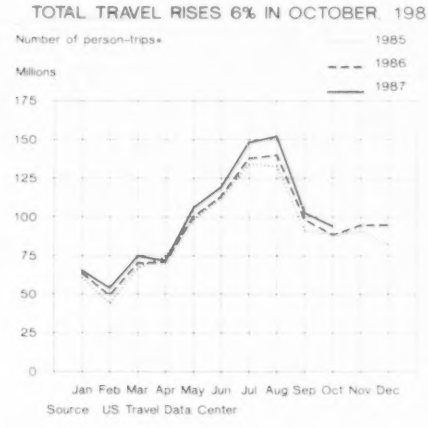
Travel during October increased 6 percent over year-earlier levels, according to the latest National Travel Survey conducted by the US Travel Data Center.

The monthly telephone survey reported that travelers in October 1987 took 94 million person-trips. (A person-trip is measured each time anyone goes 100 miles or more away from home.)

Pleasure travel and weekend travel rose significantly compared to October 1986 levels, but business/convention travel fell 6 percent.

Auto/truck/RV travel, however, remained about the same as last year while and air travel rose 8 percent.

The average trip duration, 4.6 nights, fell from 4.9 nights in 1986, and the average domestic round-trip distance dropped from 1,020 miles in October 1986 to 980 miles this October. ##



(Buying Decisions continued)

with current information on established, emerging and potential customer markets.

The executive summary of Purchase Influence is available free to travel advertising and marketing departments from Peter Mason, Travel Classification Manager, Better Homes and Gardens, 750 Third Avenue, New York, New York 10017; from Paula Byrne, Reader's Digest, 200 Park Avenue, New York, New York, 10166; or from any of the co-sponsoring publications. ##

Visitor Volume at National Parks

Region	NOV 87 visits	Change from NOV 86* (percent)	Percent change 87/ 86* Year-to-Date
NEW ENGLAND	701.442	27	14
MIDDLE ATLANTIC	1.838.458	7	18
SOUTH ATLANTIC	5.674.935	5	-4
EAST SOUTH CENTRAL	1.528.784	-22	-18
EAST NORTH CENTRAL	222.099	25	14
WEST NORTH CENTRAL	283,859	12	2
WEST SOUTH CENTRAL	520,789	5	-1
MOUNTAIN	1.553.889	11	8
PACIFIC	2,884.567	-2	4
TOTAL	15.208.822	2	2

* Percent change figures may not be consistent with those previously reported due to National Park Service revisions.

States comprising the Census regions:

NEW ENGLAND: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **MIDDLE ATLANTIC**: New Jersey, New York, Pennsylvania. **SOUTH ATLANTIC**: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **EAST SOUTH CENTRAL**: Alabama, Kentucky, Mississippi, Tennessee. **EAST NORTH CENTRAL**: Illinois, Indiana, Michigan, Ohio, Wisconsin. **WEST NORTH CENTRAL**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **WEST SOUTH CENTRAL**: Arkansas, Louisiana, Oklahoma, Texas. **MOUNTAIN**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **PACIFIC**: Alaska, California, Hawaii, Oregon, Washington.

Current Travel Indicators

CURRENT TRAVEL INDICATORS	Current Month	Current Value	Percent Change From Previous Month	Percent Change From Year-ago Month	Percent Change Year-to-date 1987/86
Establishment receipts or retail sales					
Hotels, motels and other lodging places(1)	Nov	$ 3,908 million	-14.1	8.5	8.7
Eating and drinking places(2)	Nov	$12,734 million	1.5	2.9	6.2
Gasoline service stations(2)	Nov	$ 7,198 million	-1.0	9.3	2.6
Commercial lodging demand					
Hotel/motel occupancy rate(3)	Nov	60.7 percent	1.6	-2.7	1.0
Real demand for commercial lodging(4)	Nov	51.3 million	-16.0	5.0	5.2
Airline passenger traffic(5)					
Domestic revenue passenger-miles	Nov	23.6 billion	-5.9	4.8	8.7
International revenue passenger-miles	Nov	5.5 billion	-17.7	20.4	25.1
Highway traffic volume(6)					
Rural arterial vehicle-miles	Nov	38.6 billion	-5.3	6.2	5.0
Rail passenger traffic(7)					
Amtrak passenger-miles	Nov	428.1 million	-2.3	15.3	6.4
Travel Price Index(8)	Nov	403.9	0.0	6.5	5.5
U.S. resident travel(9)					
Total person-trips	Oct	94.0 million	-8.4	6.2	5.9
Vacation person-trips	Oct	59.2 million	-7.8	1.2	2.5
Total person-nights	Oct	419.4 million	5.7	-3.3	1.9
Vacation person-nights	Oct	278.5 million	-13.0	-13.5	-3.2
Public use of national parks(10)					
Visits	Nov	15,208,822	-40.4	2.0	2.0
Overnight stays	Nov	568,392	-50.5	-10.0	7.0
Foreign arrivals in U.S.(11)					
From overseas	Oct	804,224	-15.5	12.1	17.5
From Canada	Nov	752,931	-20.5	15.7	13.6
From Mexico	Oct	66,169	-6.8	15.0	16.3
U.S. citizen departures(12)					
To overseas	Oct	1,263,539	-5.2	21.9	29.6
To Canada	Nov	517,624	-41.0	0.2	-6.8
Domestic demand for motor gasoline(13)					
Barrels per day	Nov	7,911 thousand	-3.8	1.9	2.1

N/A = not available

(1) Source: Smith Travel Research, seasonally unadjusted. (2) Preliminary; adjusted for seasonal variation and trading day differences. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted. (4) Source: Smith Travel Research, unadjusted room nights sold. (5) Preliminary; U.S. scheduled service air carriers. Source: Air Transport Association. (6) Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: U.S. Travel Data Center and Bureau of Labor Statistics. (9) Source: U.S. Travel Data Center. (10) Pre-liminary; unadjusted for differences in reporting units. Source: National Park Service. (11) Source: Statistics Canada and U.S. Travel and Tourism Administration. Mexican data reflect I94 arrivals only. (12) Source: Statistics Canada and Nettleton Research Center. (13) Preliminary; Source: U.S. Department of Energy.

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